



# INDUSTRY CIRCULAR

**DEPARTMENT OF  
THE TREASURY**

**Bureau of Alcohol, Tobacco and Firearms**

**Washington, D.C. 20226**

**Number: 76-18**

**Date: August 13, 1976**

## CONTRACT SALES TO U.S. MILITARY INSTALLATIONS

Proprietors of Distilled Spirits Plants, Wineries, Breweries,  
Wholesale Liquor and Beer Dealers and Others Concerned:

The purpose of this circular is to amplify Industry Circular 75-20 which advised proprietors of the possibility of being found in violation of section 5 of the Federal Alcohol Administration Act by virtue of sales contracts obtained from the U.S. military or other trade buyers. Numerous inquiries were received relative to Industry Circular 75-20 and, therefore, the Bureau has decided to restate and clarify its position regarding contract arrangements with military nonappropriated fund activities.

Section 5(a) of the Federal Alcohol Administration Act provides that it shall be unlawful, within the jurisdictional limits set forth, for any producer, wholesaler or importer to require, by agreement or otherwise, that any retailer purchase alcoholic beverages from him to the exclusion, in whole or in part, of similar products sold by other producers, importers or wholesalers. The Bureau has held that the "exclusive outlet" arrangements prohibited under section 5(a) of the Act include any contractual purchase agreements entered into by a producer, importer or wholesaler with a retailer, which, by the terms of the contract, exclude competitors' products. However, contracts which merely establish a purchase price for a specified time; or a purchase price for a specified quantity with no time limit requirement; or which do not otherwise restrict purchases from other suppliers would not be considered "exclusive outlet" arrangements within the meaning of the Act.

Accordingly:

1. Producers, importers and distributors are prohibited (within jurisdictional limits) from entering into "exclusive purchase" contracts with the military, if the activity (officers club, consolidated package store, or other non-appropriated fund activity) is functioning solely as a retailer.

2. Producers, importers and distributors are not prohibited from entering into "exclusive purchase" contracts with military activities which are engaged in business as a wholesaler (as defined in the Act) since section 5(a) relates only to transactions between retailers and producers, importers or distributors.

Inquiries concerning this circular should refer to its number and be addressed to the Assistant Director, Regulatory Enforcement, Trade Affairs Branch, Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, NW, Washington, DC 20226.



Rex D. Davis  
Director

Department of the Treasury  
Bureau of Alcohol, Tobacco and Firearms  
Washington, D.C. 20226

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